



## Benefits Briefing VOLUME 25

Perspectives on the Group Life Insurance Death Claim Notification and Submission Process, and Other Group Life Claims Processes, from a Survey of Employers & Brokers  
(Q4, 2015)

National Employee Benefits Advisory Forum (NEBAF)

## Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted an online information exchange from October to December 2015 to understand its members' interest and experience regarding important employee benefits and some new approaches to the kinds of choices employers and employees may have in the near future.

The information in this report is based on an online survey taken by more than 600 group employee specialists (317 brokers and 288 employers).

The following pages include findings from brokers and employers regarding their perspectives on the following topics:

- Death Claim Notification Process
- Death Claim Submission Process, and
- Additional Group Life Claims Processes and Practices

## Executive Summary

This Briefing explores brokers' and employers' experiences with and views on the death claim notification process.

- Both brokers and employers reported that typically the employer is responsible for notifying the carrier that a death has occurred and a claim needs to be opened.
- About half of brokers are highly familiar with the death claim notification process. Employers (not currently directly involved) indicated a range of familiarity in this area.
- When asked to rate the death claim notification process for specific carriers in terms of level of difficulty, brokers generally rate the process as easy or very easy, while employers do not find it as easy.
- Both groups indicated that carriers act as the plan administrator, holding policy information, about a third of the time.
- Brokers reported that carriers most commonly accept notification of death via mail, direct email, and phone. Employers said they most commonly place a phone call to inform the carrier of a death.

Brokers and employers also shared information on and views about the death claim submission process.

- When it comes to the submission process, brokers are less familiar than they are with the notification process. Again, with employers (not currently directly involved), we see mixed familiarity in this area.
- Brokers indicated that they find the death claim submission to be relatively easy, yet, slightly less so than notification process. Employers feel that the submission process is fairly easy.
- Similar to the death notification, mail and direct email are the top two most common ways that carriers accept death claim submissions, according to brokers. Yet, the third most common, different than notification, is via fax. Employers also named these three as most common.

This report also presents findings from both brokers and employers with regard to additional group life claims processes and practices.

- Both brokers and employers agreed that most commonly it is the employer who is responsible for sending the group life claim forms to the beneficiaries. Brokers are typically not involved in this process.



## Executive Summary (cont.)

- Direct mail is the most popular way, followed by email, that group life claims forms are delivered to beneficiaries.
- When we asked brokers and employers who typically maintains group life beneficiary designation records, both agreed that it is usually the employer themselves.
- Similar to group life beneficiary designation records, group life enrollment records also tend to be maintained by employers.

## Death Claim Notification Process

We asked both brokers and employers (those who offer group life insurance) various questions about their experiences with and opinions of the group life insurance death claim notification process.

### Who Notifies the Carrier about a Death Claim

When we asked brokers who is responsible for notifying the carrier that a death has occurred and a claim needs to be opened (when the carrier is not the plan administrator), almost seven in ten reported that it is **the employer** who does that. Nearly as common, about two-thirds indicate that **they/the broker /someone at their firm** is the person that notifies the carrier for some clients.

Among employers, **the vast majority (over 80%) stated that it was the employer themselves** that notifies their group life insurance carrier about a death claim. Nearly half of participants indicated that he/she was the individual who notifies their group insurance carrier when a death occurs that a claim needs to be opened.

Less than 5% of both brokers and employers reported that a Third Party Administrator (TPA) was the one to notify the carrier about a death claim.

### Familiarity with the Death Claim Notification Process

We asked both brokers and employers how familiar they are with the process of notifying a carrier that a death has occurred and a claim needs to be opened. For employers, we only asked this question of those employers who indicated they were not the person who notifies the group insurance carrier when a death occurs, see above.

**Close to half of brokers reported that they were highly familiar** with the death claim notification process, while only about one in ten indicated that they were very unfamiliar with the process of notifying a carrier that a death has occurred and a claim needs to be opened.

Again, among only employers not personally involved in notifying the carrier that a death has occurred and a claim needs to be opened, **about two-fifths indicated that they were highly familiar** with the death claim notification process. In general, and probably not surprisingly, these employers have mixed levels of familiarity, **with almost 15% reporting that they were very unfamiliar with the process.**

Those brokers currently not very familiar with this process may look to become more familiar, in order to be able to provide guidance to clients if needed.

### Level of Difficulty with the Death Claim Notification Process

Both brokers and employers were asked to rate the death claim notification process for specific carriers in terms of level of difficulty.

## Brokers and Employers talking about How the Death Claim Notification Process Can Be Improved...

We asked both brokers and employers what improvements they would like to see, overall, to the death claim notification process.

Brokers said:

*“It would be great if the process was 100% online and you could coordinate the whole process via email or online.”*

*“Confirmation that notification was received and that the claim is in process.”*

*“Streamlining through technology always helps. Possibly a system where we can file online, required paperwork/checklist is automatically generated. Beneficiary can track progress throughout without having to call in.”*

*“I would like for the carrier to take a more proactive role in walking the beneficiary through the process and keeping them informed.”*

Employers said:

*“I would like to see the carrier immediately call and review everything with HR and the employee's family to ensure we are all on the same page.”*

*“An online, secure workspace would be most beneficial and make the process more efficient.”*

*“Clear directions of what needs to be done - perhaps a checklist.”*

*“I would like them to get everything set up so when the death certificate arrives, they can turn on a dime and not just be starting the process - let's make it seamless for the family.”*

## Level of Difficulty with the Death Claim Notification Process (cont.)

Brokers were asked to rate group life insurance carriers that they work with. For the most part, **they consider the process to be easy**. More than two-thirds of brokers rated all carriers asked about as having an *easy/very easy* death notification process.

Employers were asked to rate only their current group life insurance carrier. **Employers have a slightly different perception of the ease of the process, as compared to brokers – they tend to find it more difficult**. Those saying the process is easy or very easy range from a low of about two-fifths to a high of three-fourths.

These findings show that is room for improvement in the death notification process. Since the employers are likely to be directly involved in the death notification process, and have lower ease of use ratings, brokers may want to better understand if there's an opportunity to assist clients to make this process better for them.

Both groups provided **suggestions of how the death claim notification process can be improved**, see left side bar.

## Carrier's Role as a Plan Administrator

We asked both groups about the carriers' role as a plan administrator. By plan administrator, we mean the carrier holds policyholder information, such as beneficiary records and coverage amount.

**Responses between the two groups are consistent**. More than a third of brokers indicated that at least one of the carriers they work with acts as the plan administrator for their clients. For employers, more than a third reported that their current group life insurance carrier acts as the plan administrator for their company.

While those who utilize the carrier as the plan administrator are not the majority, there are pros and cons to both alternatives, and it's important that brokers be aware of these in order to help their clients choose the best option for their company.

## Ways in Which Carriers are Notified of a Death Claim

We asked both brokers and employers how carriers actually get notified of a death claim.

Brokers were asked how the carriers they work with generally *accept notification of death*. While the methods varied by carrier, **the most commonly cited ways, overall, were, in order:**

- Mail
- Direct email to carrier contact
- Phone

Employers were asked about the way in which they personally/their company/their TPA/their broker currently notifies a carrier of a death claim. **Almost half of employers stated that a phone call is**

## Ways in Which Carriers are Notified of a Death Claim (cont.)

**placed to notify a carrier of a death claim**, while approximately a third of employers indicated that a direct email is sent to the carrier contact. Not surprisingly, notifying a carrier of a death claim via mail is far less frequent among employers.

Carriers will want to ensure that they are capable of accepting notifications in various ways, and they will want to pay particular attention to quicker, more personal methods, such as phone.

## Death Claim Submission Process

We asked both brokers and employers (those who offer group life insurance and whose carrier is not the plan administrator) how information that is necessary to process a death claim is **submitted to the life insurance carrier from the group life plan administrator**.

Examples of the type of information that is necessary to process a death claim include notification of a death, coverage information, enrollment history, and employment status (active, disabled, retired).

### Familiarity with the Death Claim Submission Process

We asked both brokers and employers how familiar they are with the process of submitting the information that is necessary to process a death claim from the plan administrator to the carrier.

**About half of brokers reported that they are at least somewhat familiar** with the process of submitting the necessary information from the plan administrator to the group life insurance carrier, and just about 1 in 10 indicated that they are very unfamiliar with the death claim submission process.

For employers, we only asked this question of those who indicated they were not the person who provides the plan information necessary to the carrier. Among this selective group, **we see a range of familiarity with this process**, with about a third reporting a high level of familiarity and about a third saying they are unfamiliar with the process of submitting the necessary information to the carrier.

There is room for both groups (keeping in mind these are only employers not directly providing this information) to become more familiar with this process – and in turn, gain efficiencies within their organizations.

### Level of Difficulty with the Death Claim Submission Process

Both brokers and employers were asked to rate the **death claim submission process** for specific carriers in terms of

## Brokers and Employers talking about How the Death Claim Submission Process Can Be Improved...

Both brokers and employers were asked what improvements, overall, they would like to see in the death claims submission process. Here's what they had to say:

Brokers said:

*"There should be one specific individual at the carrier that works with the family from beginning to end of the claim process."*

*"The only thing I can think of is faster turnaround time for all parties involved, including doctors' offices."*

*"Electronic submission and easier verification of death."*

*"Quicker turnaround and make communications a little more personal. Too often they come across as very sterile."*

*"An online process used to upload or enter data into an online form and upload the death certificate and beneficiary forms."*

Employers said:

*"More automation between the company and our vendor, as well as the use of electronic communications with the policy beneficiary."*

*"The ability to fill out forms online and attach documents via a secure site."*

*"Additional support should be provided, in-person, to the family from a local representative."*

*"It just needs to be simple."*

*"A faster process with less irrelevant data required, especially in the case of a spouse's death."*

## Level of Difficulty with the Death Claim Submission Process (cont.)

level of difficulty.

Brokers were asked to rate group life insurance carriers that they work with. In general, **they consider the process to be relatively easy**. More than three-fifths of brokers rated all carriers asked about as having an *easy/very easy* death notification process. Perhaps not surprisingly, they tend to find the death claim notification process to be somewhat easier than the death claim submission process.

Employers were asked to rate only their current group life insurance carrier. **Approximately 3 out of 4 employers reported**, in aggregate, that their carrier has a **rather easy death claim submission process**, with **only 1%** citing a very difficult submission process.

Again, we see an opportunity for brokers here to help employers who find difficulty with this process.

Similar to the death claim notification process, we asked both groups **what can be done to improve the death claim submission process**. Some of their answers can be seen in the left side bar.

## Ways in Which Carriers Accept Death Claim Submissions

Brokers were asked how the carriers they work with generally *accept* claims submissions from the plan administrator. Similar to the claims notification process, the mediums vary by carrier when it comes to the submission process; however, **the most commonly cited ways, overall, were, in order:**

- Mail
- Direct email to carrier contact
- Fax

Brokers indicated that a phone call was more accepted than a fax during the claims *notification* process, and they reported **a fax was more widely accepted than a phone call for the claims submission process**.

Employers were also asked how their specific life carrier currently *accepts* claims submissions from the plan administrator. Similar to brokers, **employers cited direct email to carrier contact, fax, and mail as the top three most frequently cited accepted modes of claim submission**.

## Additional Group Life Claims Processes and Practices

In this section, we asked both brokers and employers various

### How Are Group Life Beneficiary Designation Records Stored?

When we asked brokers how their clients' group life beneficiary designation records are typically stored, the most commonly cited way was in paper form, followed by electronically scanned. Brokers said that storing on a website was the least common method.

Similar to brokers, when we asked employers how their beneficiary designation records are stored, the most commonly cited way was in paper form. However, following closely behind as the second most commonly cited way was through a website, which was the least common method cited among brokers. Employers cited electronically scanned method the least.

### How Are Group Life Enrollment Records Stored?

Just about 1 in 2 brokers reported that their clients typically store their group life enrollment records through an electronic scan. The second most commonly cited method was via paper form, with website storage the least commonly cited method among brokers.

When we asked employers how they store their enrollment records, the most common way reported was website storage, with paper form being the second most common, and electronic scan being the least common.

questions about their experiences with group life claim forms and the maintenance/storage of beneficiary designation and enrollment records.

### Who Delivers Group Life Claim Forms to Beneficiaries

We asked both brokers and employers *who* typically sends the group life claim forms, or the paperwork needed to submit a claim, to the beneficiaries.

The majority of brokers indicated that it is the employer who is responsible for sending the necessary forms/paperwork to the beneficiaries. About a quarter of brokers are personally involved.

Employers answer consistently; **over half reported that it was he/she personally or his/her company** who sends the group life forms/paperwork needed to submit a claim to the beneficiaries. About one third said it was the carrier.

Employers who do not handle this internally are in the minority and may want to be sure they understand the benefits and drawbacks of handling this themselves versus another party handling it.

### How Group Life Claim Forms Are Delivered to Beneficiaries

Both brokers and employers were asked *how* group life claim forms, or the paperwork needed to submit a claim, is typically delivered to beneficiaries.

**Both groups (brokers and employers) indicated that direct mail was the most common way**, with email being the second most common. Notably, nearly a fifth of employers said they didn't know.

While mail remains the most common method today, it will be interesting to see if email will become more common in the future.

### How Group Life Beneficiary Designation Records Are Maintained

We asked brokers what the majority of their clients use to maintain their group life beneficiary designation records. By far, **the most commonly cited way was the client company itself**.

When we asked employers who currently maintains their company's group life beneficiary designation records, **over half reported that it was his/her company, with about 20% stating that it is the carrier**.

### How Group Life Enrollment Records Are Maintained

When we asked both brokers and employers about who is responsible for maintaining group life enrollment records, we see that it is **similar to the maintenance of group**



## How Group Life Enrollment Records Are Maintained (cont.)

### **group life beneficiary designation records.**

The vast majority of brokers indicated that it was their client's company that maintains their group life enrollment records, while over half of employers stated that it was his/her company that was responsible for group life enrollment records maintenance.

Notably, for maintaining both group life beneficiary designation records and group like enrollment records, we see minimal use of a Third Party Administrator (TPA).



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